

BLUE CROSS AND BLUE SHIELD OF MICHIGAN HOME HEALTH CARE FACILITY PARTICIPATION AGREEMENT

This Agreement is made by and between **Blue Cross and Blue Shield of Michigan** (BCBSM) and **Facility**, a Home Health Care Facility whose tax name, business name (dba) and address are listed on the accompanying Signature Document.

Pursuant to this Agreement, Facility and BCBSM agree as follows:

ARTICLE I DEFINITIONS

For purposes of this Agreement, defined terms are:

- 1.1. **"Agreement"** means this Agreement, and all exhibits and addenda attached hereto, or other documents specifically referenced and incorporated herein.
- 1.2. **"Alternative Delivery System"** means any preferred provider organization, point of service, or other than Traditional delivery system for home health care services, which is owned, controlled, administered or operated by BCBSM, excluding BCBSM's subsidiaries, or by any other Blue Cross and/or Blue Shield (BCBS) Plan.
- 1.3. **"Approved Site"** means a home health care facility location specifically approved and contracted by BCBSM as a primary or branch location.
- 1.4. **"BCBS Plans"** means organizations that are licensed by the Blue Cross and Blue Shield Association to use the Blue Cross and/or Blue Shield names and service marks. Unless otherwise specified, the term "BCBS Plans" includes BCBSM but excludes BCBSM's subsidiaries.
- 1.5. **"Certificate"** means benefit plan descriptions under the sponsorship of BCBSM or other BCBS Plans, or certificates and riders issued by or under their sponsorship, or arrangements with any employer group, including any self-funded plan, where BCBSM or other BCBS Plans administer benefits.
- 1.6. **"Covered Services"** means those home health care services that: (i) meet all requirements listed or provided for in Certificates, and (ii) are provided by an Approved Site.
- 1.7. **"Home Health Care Facility"** means a facility that provides a full range of home health care Covered Services and that meets all of the Qualification Standards stated in Addendum B.
- 1.8. **"Member"** means a person entitled to receive Covered Services pursuant to Certificates.
- 1.9. **"Out-of-Panel Services"** means home health care services provided to a member of an Alternative Delivery System by a Home Health Care Facility that is not an approved panel provider of such Alternative Delivery System at the time such services were provided.
- 1.10. **"Physician"** means a medical doctor (MD) or a doctor of osteopathy (DO), licensed to practice in Michigan.

- 1.11. **"Qualification Standards"** means those criteria established by BCBSM that are used to determine Facility's eligibility to become or remain a participating Home Health Care Facility as set forth in Addendum B.
- 1.12. **"Reimbursement Methodology"** means the methodology by which BCBSM determines the amount of payment due Facility for Covered Services as set forth in Addendum C.

ARTICLE II

FACILITY RIGHTS AND OBLIGATIONS

- 2.1 **Services to Members.** Facility, within the limitations of any relevant Michigan licensure laws, will provide Covered Services to Members based on requirements in Members' Certificates, and as governed by this Agreement and all other BCBSM published policies in effect on the date Covered Services are provided.
- 2.2 **Qualification Standards.** Facility will comply with the Qualification Standards established by BCBSM and agrees that BCBSM has sole discretion to amend and modify these Qualification Standards from time to time, provided BCBSM will not implement any changes in the Qualification Standards without 60 days prior written notice to Facility. Upon request, Facility will submit to BCBSM evidence of continuing compliance with Qualification Standards. Notice of changes to Qualification Standards may be given as stated in Section 4.12, or, at BCBSM's discretion, by publication in the appropriate BCBSM provider publication(s) (e.g. *The Record*, web-DENIS, etc.). The Qualification Standards are set forth in Addendum B.
- 2.3 **Claims Submission.** Facility shall submit acceptable claims for Members' Covered Services, and for Out-Of-Panel services unless otherwise specified by such member's Alternative Delivery System, directly to BCBSM using BCBSM approved claim forms, direct data entry systems, tape-to-tape systems or such other methods as BCBSM may approve from time to time. An "acceptable claim" is a claim that BCBSM determines complies with the requirements stated in published BCBSM administrative manuals or additional published guidelines and criteria.
- Acceptable claims must be submitted within 12 months of the date of service. Claims submitted more than 12 months after the date of service will not be entitled to reimbursement from either BCBSM or a Member except as set forth in Addendum G.
- Facility will endeavor to file complete and accurate claims and report overpayments in accordance with the Service Reporting and Claims Overpayment Policy attached as Addendum F.
- 2.4. **Reimbursement.** BCBSM will timely process acceptable claims submitted by Facility and will make payment directly to Facility for Covered Services in accordance with the Reimbursement Methodology set forth in Addendum C. Except for copayments and deductibles, Facility will accept the BCBSM payment as full payment for Covered Services, and for any Out-of-Panel services unless otherwise specified by such member's Alternative Delivery System, and agrees not to collect any further payment, except as set forth in Addendum G. Facility may not request or require Members to sign an agreement or form to reimburse Facility for any charges in excess of BCBSM's reimbursement for Covered Services, unless otherwise stated in this Agreement. Facility may not collect deposits from

Members for Covered Services. Facility may not waive copayments and/or deductibles that are the responsibility of the Member except for hardship cases that are documented in the Member's record, or where reasonable efforts to collect have failed.

- 2.5 **Eligibility and Benefit Verification.** BCBSM will provide Facility with a system or method to promptly verify eligibility and benefit coverages of Members; provided that any verification by BCBSM will be given as a service and not as a guarantee of payment.
- 2.6. **Administrative Manuals and Bulletins.** BCBSM will, without charge, give Facility access to BCBSM's web-based communication system, web-DENIS, for any any administrative manual, provider publications (e.g., *The Record*, bulletins, guidelines and administrative information concerning billing requirements and other information as may be reasonably necessary for Facility to properly provide and be reimbursed for Covered Services to Members under this Agreement. Facility will adhere to all BCBSM's published guidelines for the provision of home health care Covered Services to Members.
- 2.7. **Utilization and Quality Programs.** Facility will adhere to BCBSM's policies and procedures regarding utilization review, quality assessment, preauthorization, disease management, case management, or other programs established or modified by BCBSM. BCBSM agrees to furnish Facility with information necessary to adhere to such policies and procedures.
- 2.8. **Facility Changes.** Facility will notify BCBSM in writing, at least 30 days prior to implementation of major changes, such as, but not limited to, change in: (i) name; (ii) primary or branch locations; and (iii) ownership. Facility will also notify BCBSM within five business days of Facility's knowledge of any material changes in Facility's accreditation, Medicare certification, professional and administrative staffing, and/or Facility's professional staff's licensure. Notification of such changes is required so that BCBSM may determine Facility's continued compliance with Qualifications Standards and contractual obligations, however, prior notification of such major changes does not ensure continued participation and will require specific BCBSM approval for continued participation by Facility. The establishment of new primary or branch locations, or changes in location will be subject to prior approval by BCBSM.

Facility will also notify BCBSM of any actions, policies, determinations, or other developments that may have an impact on the provision of Covered Services to Members. This includes, but is not limited to, any legal or government action against Facility or any of its owners, officers, directors or employees that affect this Agreement such as for health care licensure actions, professional negligence, fraud, or violation of any law.

- 2.9. **Recordkeeping and Financial Reporting Requirements.** Facility will prepare and maintain all appropriate medical and financial records related to Covered Services provided to Members as required by any BCBSM published policies and procedures, and as required by law. Facility must prepare and submit all required financial reports to BCBSM in accordance with BCBSM's published policies.
- 2.10. **BCBSM Access to Member Records.** BCBSM represents that BCBSM Members, by contract, as a condition precedent to receiving benefits, agree to the release of information and records to BCBSM from Facility and Physicians, including but not limited to, all medical and other information relating to their care and treatment. Facility shall obtain any further releases or waivers it believes are necessary for the purpose of providing to BCBSM Member medical and billing records related to Covered Services. Facility will release patient information and records within 30 days of the request by BCBSM to enable BCBSM to process claims and for prepayment or postpayment review of medical records that relate

to filed claims.

- 2.11. **Utilization Review and Claims Payment Audits and Recovery.** Subject to all applicable laws regarding confidentiality of patient specific information, and the confidentiality provisions set forth in this Agreement, Facility agrees that BCBSM may photocopy, review and audit Facility's medical records and claim records. Such utilization review, medical record and claims payment audits include, but are not necessarily limited to, verification of services provided, adherence to BCBSM's published policies, Medical Necessity of services provided, and appropriateness of procedure/revenue codes reported to BCBSM. BCBSM is entitled to obtain recoveries based on such audits as set forth in Addendum H.
- 2.12. **Financial Audits and Recovery.** Facility will allow BCBSM to conduct reasonable audits of Facility's financial records for the purpose of determining final payment liability in accordance with Addendum C. Such financial audits will be initiated and completed within 24 months of Facility's filing with BCBSM of an acceptable BCBSM Home Health Care Facility cost report or such other financial report(s) as may be required by BCBSM's published policies. Facility shall provide BCBSM with on-site access during Facility's regular business hours to photocopy, review and audit all appropriate financial records as may be necessary for establishing appropriate BCBSM payment liability. BCBSM will have the right to recover amounts BCBSM determines are due to BCBSM through recoupment of and setoff against amounts due to Facility from BCBSM under this Agreement.
- 2.13. **Confidentiality.** Facility and BCBSM will maintain the confidentiality of Members' patient specific information and of each party's records and other confidential information as set forth in Addendum D, and in accordance with applicable state and federal law. BCBSM will indemnify and hold Facility harmless from any claims or litigation brought by Members asserting any breach by BCBSM of such Confidentiality Policy. This provision will not preclude BCBSM from communicating with its subsidiaries and/or agents regarding Facility information and data, or from communicating with customers regarding aggregate data pertaining to Facility and participating Home Health Care Facilities.
- 2.14. **Appeals Processes.** BCBSM will provide an appeal process for Facility in accordance with (i) Addendum E if Facility disagrees with any individual claim adjudication or utilization review audit determination, and (ii) with BCBSM's applicable reimbursement policy appeal process if Facility disagrees with the establishment of its payment rate or any financial audit determination made by BCBSM.
- 2.15. **Listing of Facilities.** Facility agrees that BCBSM shall have the right to include Facility's name, address and location(s) in listings or other written documents provided for assisting Members to obtain Covered Services from a participating Home Health Care Facility.
- 2.16. **Other Agreements.** Facility and BCBSM acknowledge that this Agreement does not limit either party from entering into similar agreements with other parties.
- 2.17. **Successor's Obligations.** Facility will require any prospective successor to its interest to assume liability for any amounts for which Facility is indebted to BCBSM. Such assumption of liability shall be a condition, but not a guarantee, of approval of any such successor as a participating facility. Such assumption of liability or lack thereof shall not release Facility from the indebtedness unless an agreement to that effect is entered into between BCBSM, Facility, and any prospective successor, or unless the successor is a participating facility and expressly agrees to assume Facility's liabilities to BCBSM.

- 2.18 **State and Federal Laws.** Facility will provide Covered Services in a manner that conforms to: (i) all applicable federal, state and local laws, rules and regulations, and (ii) the standards of professional conduct and practice prevailing in the applicable community during this Agreement.
- 2.19 **Subcontracting.** Facility must have a written contract with all subcontracted staff. Facility is responsible for ensuring that the subcontracted staff (i) is qualified to perform the service they are subcontracted to perform, (ii) meets and maintains any relevant Qualification Standards, and (iii) will adhere to BCBSM's published policies and procedures. Facility remains responsible for the acts or omissions of its subcontracted staff. Facility, and not its subcontracted staff, must bill BCBSM for Covered Services. Facility will furnish a copy of such subcontracts to BCBSM upon request.
- 2.20 **Approved Sites.** All Approved Sites, including primary and branch locations, must be specifically approved by BCBSM. Approved Sites are those listed on Addendum I.
- 2.21 **Transfer of Services by BCBSM.** Facility understands that BCBSM administers and underwrites business, parts of which may be conducted through third party administration and managed services, and may conduct business through representatives and agents. Facility agrees to the transfer of the rights, obligations and duties of the parties to this Agreement to those representatives and agents for the limited purpose of performing their respective agreements with BCBSM.

ARTICLE III FACILITY ACKNOWLEDGMENT OF BCBSM SERVICE MARK LICENSEE STATUS

- 3.1 This Agreement is between Facility and BCBSM, an independent corporation licensed by the Blue Cross and Blue Shield Association (BCBSA) to use the Blue Cross and Blue Shield names and service marks in Michigan. However, BCBSM is not an agent of BCBSA and, by accepting this Agreement, Facility agrees that it made this Agreement based only on what it was told by BCBSM or its agents. Only BCBSM has an obligation to Facility under this Agreement and no other obligations are created or implied by this language.

ARTICLE IV GENERAL PROVISIONS

- 4.1. **Term.** The term of this Agreement shall begin on the effective date indicated by BCBSM on the properly executed Signature Document, and shall continue until terminated as provided below.
- 4.2. **Termination.** This Agreement may be terminated:
- a. by either party, with or without cause, upon 60 days written notice to the other party;
 - b. by either party, immediately, where there is a material breach of this Agreement that is not cured within 30 business days of written notice from the other party.
 - c. by BCBSM, with 60 days notice, except as stated in Section 4.2d, if Facility fails to meet the Qualification Standards set forth in Addendum B;

- d. by BCBSM, automatically and without prior notice, if Facility has its accreditation or Medicare certification suspended, revoked, or nullified, or if Facility or an officer, director, owner or principal of Facility is convicted of, or pleads to a felony or other violation of law;
 - e. by either party, upon the filing of any involuntary or voluntary proceeding in bankruptcy against either party, insolvency of any party, upon the appointment of a receiver of any party, or any other similar proceeding if such proceedings are not dismissed or withdrawn within 60 days;
 - f. by BCBSM, immediately and without prior notice, at its option, if there is a change in the ownership of Facility;
 - g. by either party, immediately, without prior notice, if Facility ceases providing home health care services, ceases providing home health care services to Members, or ceases doing business; or
 - h. by BCBSM, immediately, without prior notice, if termination of this Agreement is ordered by the state Insurance Commissioner.
- 4.3. **Existing Obligations.** Termination of this Agreement shall not affect any obligations of the parties under this Agreement prior to the date of termination. This includes, but is not limited to, completion of all required financial reports, medical records and cooperation with BCBSM with respect to any actions arising out of this Agreement that are filed against BCBSM after the effective date of termination. This Agreement shall remain in effect for the resolution of all matters pending on the date of termination. BCBSM's obligation to reimburse Facility for any Covered Services will be limited to those provided through the date of termination.
- 4.4. **Right of Recovery.** The expiration or termination of this Agreement or any changes as provided in this Agreement shall not terminate or otherwise limit BCBSM's right of recovery from Facility for overpayments, or for recoveries based upon any audit conducted pursuant to Sections 2.11 and 2.12.
- 4.5. **Nondiscrimination.** Facility will not discriminate because of age, sex, race, color, religion, marital status, residence, lawful occupation, disability, or national origin, in any area of Facility's operations, including but not limited to employment, patient care, and clinical staff training and selection. Any violation of this provision by Facility shall constitute a material breach and give BCBSM the right to immediately terminate this Agreement as provided in Section 4.2.b. of this Agreement.
- 4.6. **Relationship of Parties.** BCBSM and Facility are independent entities. Nothing in the Agreement shall be construed or be deemed to create a relationship of employer and employee, or principal and agent, or any relationship other than that of independent parties contracting with each other for the sole purpose of carrying out the provisions of this Agreement.
- 4.7. **Assignment.** Any assignment of this Agreement by either party without the prior authorized written consent of the other party will be null and void except as stated in 2.21.
- 4.8. **Amendment.** This Agreement may be altered, amended, or modified at any time by the prior authorized written consent of the parties, provided however, BCBSM shall have the right to unilaterally amend this Agreement upon giving not less than 90 days prior written notice to Facility, except as otherwise stated in this Agreement. Notice shall be given as

provided in Section 4.12, or, at BCBSM's discretion, by publication in the appropriate BCBSM provider publication(s) (e.g., *The Record*, web-DENIS, etc.).

- 4.9. **Waiver.** No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by an authorized representative of the party against whom such a waiver is being sought. Any waiver of one or more of the provisions of this Agreement, or failure to enforce the Agreement by either of the parties hereto, shall not be construed as a waiver of any subsequent breach of this Agreement or any of its provisions.
- 4.10. **Scope and Effect.** This Agreement shall supersede any and all prior agreements and understandings between the parties, whether written or oral, regarding the matters herein, and shall constitute the entire agreement and understanding between the parties and shall be binding upon their respective representatives, successors and assignees.
- 4.11. **Severability.** If any provision of the Agreement is deemed or rendered invalid or unenforceable, the remaining provisions of the Agreement shall remain in full force and effect; unless any such invalidity or unenforceability has the effect of materially changing the obligations of either party, as in the judgment of the party affected: (i) will cause it serious financial hardship, or (ii) cause it to be in violation of its corporate articles of incorporation or bylaws, in which event such party shall have the right to terminate this Agreement upon 30 days prior written notice to the other party.
- 4.12. **Notices.** Unless otherwise indicated, any notice required or permitted under this Agreement shall be given in writing and sent to the other party by hand delivery or postage prepaid regular mail at the following address or such other address as a party may designate from time to time.

If to Facility:

Current primary site address on
BCBSM provider file

If to BCBSM:

Provider Contracting MC B715
Blue Cross Blue Shield of Michigan
27000 W. Eleven Mile Rd.
Southfield, MI 48034

- 4.13. **Third Party Rights.** This Agreement is intended solely for the benefit of the parties and confers no rights of any kind on any third party and may not be enforced except by the parties hereto.
- 4.14. **Governing Law and Jurisdiction.** This Agreement, except as governed by federal law, will be governed and construed according to the laws of the state of Michigan. Jurisdiction of any dispute will be Michigan.

SIGNATURE DOCUMENT ATTACHED AND MADE A PART HEREOF.

ADDENDA

- A. Medical Necessity Criteria
- B. Qualification Standards
- C. Reimbursement Policy
- D. Confidentiality Policy
- E. Disputes and Appeals
- F. Service Reporting and Claims Overpayment Policy
- G. Services for Which Facility May Bill Members
- H. Utilization Review and Claims Audit and Recovery Policy
- I. Name and address of Approved Site(s)

MEDICAL NECESSITY CRITERIA

Medical Necessity is determined by Physicians acting for BCBSM. For purposes of payment by BCBSM, Medical Necessity or Medically Necessary means a determination by Physicians for BCBSM based upon criteria and guidelines developed by Physicians* for BCBSM, or, in the absence of such criteria and guidelines, based upon Physician review, in accordance with accepted medical standards and practices, that the service:

is accepted as necessary and appropriate for the patient's condition and is not mainly for the convenience of the Member, Physician or Facility

*Acting for the appropriate provider class and/or specialty

QUALIFICATION STANDARDS

A Home Health Care Facility must, at a minimum, meet and maintain the following Qualification Standards at each Approved Site to be eligible to participate with BCBSM under this Agreement:

- Facility has:
 - ◆ Current Medicare certification as a home health care agency, or,
 - ◆ Accreditation for home health care by at least one national accreditation organization approved by BCBSM, such as, but not limited to, the following:
 - the Community Health Accreditation Program, Inc. (CHAP),
 - the Joint Commission on Accreditation of HealthCare Organizations (JCAHO), or
 - the Accreditation Commission for Health Care (ACHC)
- Facility has current membership in any one of the following professional organizations:
 - American Public Health Association (APHA)
 - National League for Nursing (NLN)
 - Michigan League for Nursing (MLN)
 - American Association for Homecare (AAHomecare)
 - American Home Care Association, Inc (AHCA)
 - National Association for Home Care (NAHC)
 - Visiting Nurses Association of America (VNAA)
 - Michigan Home Health Association (MHHA)
- Facility has written policies and procedures that meet generally acceptable standards for home health care services to assure the quality of patient care, and Facility demonstrates compliance with such policies and procedures
- Facility can demonstrate that it conducts program evaluation and utilization review to assess the appropriateness, adequacy and effectiveness of the program's administrative and clinical components
- Facility has a multi-disciplinary staff composed of all of the following:
 - a nursing administrator or coordinator who is a Michigan licensed registered nurse and who directs the activities of nurses, therapists and other staff members
 - a business office manager who handles the business and financial aspects of the program
 - a Physician coordinator, licensed in Michigan, who serves as a consultant, advisor, and a liaison between Facility and the medical community
 - Registered nurses, licensed in Michigan
 - Michigan licensed therapists or Michigan licensed social workers, as appropriate to the services provided by Facility
- The facility must provide skilled nursing Covered Services and one other professional type of therapy such as physical, speech, nutritional, occupational therapies or medical social services
- The Facility must meet BCBSM's Evidence of Necessity requirements, as applicable
- Facility has a governing board that is legally responsible for the total operation of Facility. The governing board, or as an alternative, a community advisory board responsible to the governing

board, shall include persons representative of a cross section of the community who are interested in the welfare and proper functioning of Facility as a community agency.

- Facility maintains adequate patient and financial records
- Facility has an absence of inappropriate utilization or practice patterns, as identified through valid subscriber complaints, audits and peer review, and
- an absence of fraud or illegal activities

**REIMBURSEMENT METHODOLOGY
FOR FREESTANDING HOME HEALTH CARE FACILITIES**

Reimbursement is made only for Covered Services provided by a participating Home Health Care Facility's Approved Site(s). For each Covered Service, BCBSM will pay Facility the lesser of allowable costs or billed charges, less any deductible or copayment for which the Member is responsible.

An interim percentage of charge payment rate is initially determined for each Home Health Care Facility based on financial information submitted to BCBSM when Facility applies for BCBSM participation. Thereafter, Facility's interim percentage of charge payment rate may be adjusted, as necessary, to reflect retrospective settlement following BCBSM's audit/review of Facility's annual BCBSM Home Health Cost Report.

On a fiscal year basis, BCBSM's final settlement payment liability for each Home Care Facility is limited to the lesser of allowable costs, as determined by BCBSM, or billed charges for Covered Services.

BCBSM will review its Reimbursement Methodology for freestanding Home Health Care Facilities periodically to determine if modifications are necessary. BCBSM will give Facility not less than 60 days prior written notice of any material change to the Reimbursement Methodology for freestanding Home Health Care Facilities. Notice of reimbursement changes will be (i) by mail, or, (ii) at BCBSM's option, in the appropriate BCBSM provider publication(s) (e.g., *The Record*, *web-DENIS*, etc.) if the reimbursement change is not facility-specific.

**REIMBURSEMENT METHODOLOGY
FOR HOSPITAL-BASED HOME HEALTH CARE FACILITIES**

Reimbursement is made only for Covered Services provided by a participating Home Health Care Facility's Approved Site.

Facility's reimbursement is determined by the parent hospital's peer group assignment as defined in Exhibit B of the Participating Hospital Agreement (PHA) and as supplemented by the PHA Payment Manual. The "Participating Hospital Agreement (PHA)", as stated in this Addendum, is the standard PHA that is on file with the Michigan Insurance Bureau and in effect on the date of service, as such may be amended from time to time.

- A Home Health Care Facility that is owned and operated by a hospital that for PHA purposes is considered a peer group 1-4, 6 or 7 hospital, will be reimbursed using a prospectively established hospital-specific cost-to-charge ratio for home health care services, less applicable copayments and deductibles. This cost-to-charge ratio will be established and updated in accordance with PHA Exhibit B.
- A Home Health Care Facility that is owned and operated by a hospital that for PHA purposes is considered a peer group 5 hospital, will be reimbursed at the same level established for that hospital's acute care services in accordance with PHA Exhibit B, less applicable copayments and deductibles.

BCBSM will review its Reimbursement Methodology for hospital-based Home Health Care Facilities periodically to determine if modifications are necessary. BCBSM will give Facility not less than 30 days prior written notice of any material change to the Reimbursement Methodology for hospital-based Home Health Care Facilities. Any such change would be subject to review and recommendation through the PHA Contract Administration Process (CAP) as defined in Article IV of the PHA. Notice may, at BCBSM's option, be published in the appropriate BCBSM provider publication(s), (e.g., *The Record*, web-DENIS, etc.) if the change is not facility-specific.

CONFIDENTIALITY POLICY

The purpose of BCBSM's Confidentiality Policy is to provide for protection of the privacy of Members and the confidentiality of personal data, personal information, and Facility financial data and information.

BCBSM's Confidentiality Policy sets forth guidelines conforming to MCLA 550.1101 et seq. which requires BCBSM's board of directors to "establish and make public the policy of the corporation regarding the protection of the privacy of Members and the confidentiality of personal data".

In adopting this policy, BCBSM acknowledges the rights of its Members to know that personal data and personal information acquired by BCBSM will be treated with respect and reasonable care to ensure confidentiality; to know it will not be shared with others except for legitimate business purposes or in accordance with a Member's specific consent or specific statutory authority.

The term "personal data" refers to a document incorporating medical or surgical history, care, treatment or service; or any similar record, including an automated or computer accessible record relative to a Member, which is maintained or stored by a health care corporation.

The term "personal information" refers to a document or any similar record relative to a Member, including an automated or computer accessible record, containing information such as an address, age/birth date, coordination of benefits data, which is maintained or stored by a health care corporation.

The term "Facility financial data and information" refers to a document or other record, including automated or computer record, containing paid claims data, including utilization and payment information. BCBSM will maintain Facility financial data and information as confidential.

BCBSM will collect and maintain necessary Member personal data and take reasonable care to secure these records from unauthorized access and disclosure.

Records containing personal data will be used to verify eligibility and properly adjudicate claims. For coordinated benefits, BCBSM will release applicable data to other insurance carriers to determine appropriate liability.

Enrollment applications, claim forms and other communications to Members will notify Members of these routine uses and contain the Member's consent to release data for these purposes. These forms will also advise the Members of their rights under this policy.

Upon request, a Member will be notified regarding the actual release of personal data.

BCBSM will not release Member specific personal data except on a legitimate need to know basis or where the Member has given specific authorization. Data released with the Member's specific authorization will be subject to the condition that the person receiving the data will not release it further unless the Member executes in writing another prior and specific informed consent authorizing the additional release. Where protected by specific statutory authority, Member specific data will not be released without appropriate authorization.

Experience-rated and self-funded customers may obtain personal data and Facility financial data for auditing and other purposes provided that claims of identifiable Members are protected in

accordance with any specific statutory authority. For these requests, the recipients of the data will enter into a confidentiality and indemnification agreement with BCBSM to ensure confidentiality and to hold BCBSM harmless from any resultant claims or litigation.

Parties acting as agents to customers will be required to sign third party agreements with BCBSM and the recipient of the data prohibiting the use, retention or release of data for other purposes or to other parties than those stated in the agreement.

Data released under this policy will be subject to the condition that the person to whom the disclosure is made will protect and use the data only as authorized by this policy.

BCBSM will release required data pursuant to any federal, state or local statute or regulation.

For civil and criminal investigation, prosecution or litigation, BCBSM will release requested data to the appropriate law enforcement authorities or in response to appropriate legal process.

**APPEALS PROCESS
FOR INDIVIDUAL CLAIMS DISPUTES
AND UTILIZATION REVIEW AUDIT DETERMINATIONS**

ROUTINE INQUIRY PROCEDURES AND/OR AUDIT DETERMINATION

Facility must complete BCBSM's routine status inquiry, telephone (optional) and written inquiry procedures (for individual claims disputes), or receive an audit determination before beginning the appeals process.

WRITTEN COMPLAINT / RECONSIDERATION REVIEW

Within 30 days of completing BCBSM's routine written inquiry procedures, or within 30 days of receiving BCBSM's written audit determination, Facility shall begin the appeals process by submitting a Written Complaint and/or a request for a Reconsideration of the Audit Determination. The Written Complaint/Reconsideration Review request should be mailed to:

For individual claims disputes:

Provider Appeals Unit MC 2005
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

For disputes regarding utilization review audit results:

Manager, Facility Utilization Review MC J105
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

A request for a Reconsideration Review must include the following:

- Area of dispute;
- Reason for disagreement;
- Any additional supportive documentation; and
- Copies of medical records (if not previously submitted)

Within 30 days of receipt of the request for Written Complaint/Reconsideration Review, BCBSM shall provide in writing a specific explanation of all of the reasons for its action that forms the basis of Facility's complaint and/or the results of the Reconsideration Review.

MANAGERIAL-LEVEL REVIEW CONFERENCE

If Facility is dissatisfied with the determination of the Written Complaint/Reconsideration Review, Facility may submit a written request for a Managerial-Level Review Conference (Conference). The purpose of the Conference is to discuss the dispute in an informal setting, and to explore possible resolution of the dispute. The written request for this Conference must be submitted within 60 days after the receipt of the determination letter from the Written Complaint or Reconsideration Review. If the dispute involves issues of a medical nature, a BCBSM medical

consultant may participate in the Conference. If the dispute is non-medical in nature, other appropriate BCBSM personnel will attend. Facility or Facility's representative will normally be in attendance to present their case. The Conference can be held by telephone if Facility prefers. The request for a Conference shall be submitted in writing to BCBSM:

For Conferences regarding individual claims disputes:

Conference Coordination Unit MC 2005
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

For Conferences regarding utilization review audit results disputes:

Manager, Facility Utilization Review MC J105
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

A request for a Managerial-Level Review Conference must include the following:

- Area of dispute;
- Reason for disagreement;
- Any additional supportive documentation; and
- Copies of medical records (if not previously submitted)

BCBSM will both schedule the Conference and communicate the results to Facility in writing within 30 days of the request for the Conference. The determination of a Managerial-Level Review Conference delineates the following, as appropriate:

- 1) The proposed resolution;
- 2) The facts, along with supporting documentation, on which the proposed resolution was based.
- 3) The specific section or sections of the law, certificate, contract or other written policy or document on which the proposed resolution is based;
- 4) A statement describing the status of each claim involved in the dispute; and
- 5) If the determination is not in concurrence with Facility's appeal, Facility's right to appeal the matter to the Michigan Insurance Bureau within 120 days after receipt of BCBSM's written response to the Conference, request External Peer Review (Medical Necessity issues only), request a review by the BCBSM Internal Review Committee/Provider Relations Committee (billing and coding issues only), or initiate an action in an appropriate court.

EXTERNAL PEER REVIEW

For disputes involving issues of Medical Necessity that are resultant from medical record reviews, Facility may submit a written request for an External Peer Review if Facility is dissatisfied with the previous level of appeal. Within 30 days of the Managerial-Level Review Conference

determination, Facility can request a review by an external peer review organization to review the medical record(s) in dispute. Facility will normally be notified of the determination(s) made by the review organization within 60 days of submission of the records to the peer review organization. Such determination will be binding upon Facility and BCBSM.

If BCBSM's findings are upheld on appeal, Facility will pay the review costs associated with the appeal. If BCBSM's findings are reversed by the external peer review organization, BCBSM will pay the review costs associated with the appeal. If BCBSM's findings are partially upheld and partially reversed, the parties will share in the review costs associated with the appeal, in proportion to the results as measured in findings upheld or reversed.

This appeal step ends the appeal process for all Medical Necessity issues arising from any medical record review and operates as a waiver of Facility's right to appeal any Medical Necessity issues to the Insurance Bureau or to initiate an action on those issues in an appropriate court.

Facility's request for External Peer Review for a dispute involving medical record audit results shall be mailed to:

Manager, Facility Utilization Review MC J105
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

For Individual Claims disputes, a request for External Peer Review shall be mailed to:

Conference Coordination Unit MC 2005
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

INTERNAL REVIEW COMMITTEE

For disputes involving administrative and/or billing and coding issues, Facility may submit a written request for a review by the BCBSM Internal Review Committee (IRC) which is composed of three members of BCBSM senior management. The request for an IRC hearing shall specify the reasons why the BCBSM policy in dispute is inappropriate or has been wrongly applied, and shall be submitted in writing within 30 days of receipt of BCBSM's response to the Managerial-Level Review Conference. Within 60 days of the request, a meeting will be held. Facility, or Facility's representative upon Facility's written request, may be present at this hearing. BCBSM will communicate the determination of the Committee within 30 days of the meeting date.

The request for an IRC hearing should be mailed to:

Director, Utilization Management MC J423
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

If Facility is dissatisfied with the determination of the Internal Review Committee, Facility may appeal the determination to the Provider Relations Committee, a subcommittee of BCBSM's board of directors; or directly to the Michigan Insurance Bureau; or initiate an action in an appropriate court.

PROVIDER RELATIONS COMMITTEE (PRC)

If dissatisfied with the decision of the Internal Review Committee, Facility may, within 30 days of receipt of the IRC determination, submit a written request for a review to the Provider Relations Committee (PRC). PRC is a subcommittee of the BCBSM board of directors that is composed of BCBSM participating professionals, community leaders, and BCBSM senior management. BCBSM will acknowledge the receipt of the request and will schedule a meeting with the PRC within 90 days. Facility must represent him/herself at this level of appeal and an advanced position statement is required. The determination of the PRC may or may not be rendered on the day of the hearing. The PRC's mandate is to render a determination within a "reasonable time"; however these decisions will normally be rendered within 30 days of the date of the hearing. As such, BCBSM will communicate in writing the determination of the PRC within 30 days of the PRC's determination.

The request for a PRC hearing should be mailed to:

Director, Utilization Management MC J423
Blue Cross and Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

If Facility is dissatisfied with the determination of the Provider Relations Committee, Facility may appeal the determination to the Michigan Insurance Bureau, or initiate an action in an appropriate court.

MICHIGAN INSURANCE BUREAU

Informal Review and Determination

If Facility is dissatisfied with BCBSM's response to the Managerial-Level Review Conference, the Internal Review Committee review or the Provider Relations Committee review, and if Facility believes that BCBSM has violated a provision of either Section 402 or 403 of Public Act 350, Facility shall have the right to submit a request to the Michigan Insurance Bureau for an Informal Review and Determination.

The request shall be submitted within 120 days of receipt of BCBSM's determination and must specify which provisions of Public Act 350 Sections 402(1) and 403 BCBSM has violated. The request shall be mailed to:

Michigan Insurance Bureau
Commissioner of Insurance
Post Office Box 30200
Lansing, Michigan 48909

The Informal Review and Determination may take place through submission of written position papers or through the scheduling of an informal meeting at the offices of the Insurance Bureau. Within 10 days of the receipt of position papers or the adjournment of the informal meeting, the Insurance Bureau shall issue its determination.

Contested Case Hearing

If dissatisfied with the Insurance Bureau's determination, either Facility or BCBSM may ask the Insurance Commissioner to have the matter heard by an Administrative Law Judge as a Contested Case under the Michigan Administrative Procedures Act. A Contested Case must be requested in writing within 60 days after the Insurance Bureau's determination is mailed, and shall be mailed to the Insurance Bureau at the same address found in the prior step. Either Facility or BCBSM may appeal the Contested Case result to the Ingham County Circuit Court.

CIVIL COURT REVIEW

Also, as noted above, at any time after the completion of the Written Complaint or Reconsideration Review and Management Review Conference steps, Facility may attempt to resolve the dispute by initiating an action in an appropriate court.

SERVICE REPORTING AND CLAIMS OVERPAYMENTS

I. Service Reporting

Facility will furnish a claim or report to BCBSM in the form and manner BCBSM specifies and will furnish any additional information BCBSM may reasonably request to process or review the claim. All services shall be reported without charge to BCBSM or Member, with complete and accurate information, including diagnosis with procedure/revenue codes approved by BCBSM, and such other information as may be required by BCBSM to adjudicate claims.

Facility will use a provider identification number/facility code acceptable to BCBSM for billing of Covered Services. Facility will only bill BCBSM for services provided by Approved Sites.

Facility agrees to use reasonable efforts to cooperate with and assist BCBSM in coordinating benefits with other sources of coverage for Covered Services by requesting information from Members, including but not limited to information pertaining to workers' compensation, other group health insurance, third party liability and other coverages. Facility further agrees to identify those Members with Medicare coverage and to bill BCBSM or Medicare consistent with applicable federal and state laws and regulations. When Facility is aware the patient has primary coverage with another third party payer or entity, Facility agrees to submit the claim to that party before submitting a claim for the services to BCBSM.

II. Claims Overpayments

Facility shall promptly report to BCBSM any claims overpayments Facility receives resulting from BCBSM claims payment errors or Facility billing errors, and agrees BCBSM will be permitted to deduct such overpayments (whether discovered by Facility or BCBSM) from future BCBSM payments, along with an explanation of the credit action taken.

**SERVICES FOR WHICH FACILITY
MAY BILL MEMBER**

Facility may bill Member for:

1. Noncovered services, unless the service has been deemed a noncovered service solely as a result of a determination by a Physician acting for BCBSM that the service was not Medically Necessary, in which case, Facility assumes full financial responsibility for the denied claims. Facility may bill the Member for claims denied as Medically Unnecessary only as stated in paragraph 2., below;
2. Services determined by BCBSM to be Medically Unnecessary, where the Member acknowledges that BCBSM will not make payment for such services, and the Member has assumed financial responsibility for such services in writing and in advance of the receipt of such services;
3. Covered Services denied by BCBSM as untimely billed, if all of the following requirements are met:
 - a. Facility documents that an acceptable claim was not submitted to BCBSM within 12 months of performance of such services because a Member failed to provide proper identifying information; and
 - b. Facility submits an acceptable claim to BCBSM for consideration for payment within three months after obtaining the necessary information.

UTILIZATION REVIEW AND CLAIMS PAYMENT AUDIT AND RECOVERY POLICY

I. Records

BCBSM shall have access to Members' medical records or other pertinent records of Facility to verify Medical Necessity and appropriateness of claims payments and may inspect and photocopy such records. BCBSM will reimburse Facility for the reasonable copying expense incurred by Facility where Facility copies records requested by BCBSM in connection with such BCBSM audit activities.

Facility shall prepare and maintain all appropriate records on all Members receiving services. Facility shall prepare, keep and maintain records in accordance with BCBSM's existing record keeping and documentation requirements and standards previously communicated to Facilities by BCBSM, and such requirements subsequently developed which are communicated to Facility prior to their implementation, and as required by state and federal law.

II. Scope of Audits

Audits may consist of, but are not necessarily limited to, verification of; services provided, adherence to BCBSM's published policies, Medical Necessity of services provided, and appropriateness of procedure/revenue codes reported to BCBSM.

III. Time

BCBSM may conduct on-site inspections and audits during Facility's regular business hours. Facility agrees to allow such on-site inspections and audits within 30 days of the request by BCBSM. BCBSM's inspection, audit and photocopying or duplication shall be allowed during regular business hours, upon reasonable notice of dates and times.

IV. Recovery/Payment of Interest

BCBSM shall have the right to recover amounts paid for services not meeting applicable benefit criteria, services not verified in Facility's records, services provided by a site that was not an Approved Site, services not billed in accordance with BCBSM's published policies, or services that are not Medically Necessary as determined by BCBSM under Addendum A. BCBSM will not utilize statistical sampling methodologies to extrapolate refund requests on Medical Necessity issues identified through sampling. BCBSM may extrapolate refund recoveries from statistically valid samples involving issues other than Medical Necessity, including, but not limited to, procedure/revenue code billing errors.

BCBSM shall have the right to initiate recovery of amounts paid for services up to two years from the date of payment, except in instances of fraud, as to which there will be no time limit on recoveries. Facility agrees BCBSM will be permitted to deduct such amounts from future BCBSM payments, along with an explanation of the credit action taken until the full amount is recovered. In such audit refund recovery situations, where Facility appeals the BCBSM determination, BCBSM will defer deduction of such amounts until the determination, or the last unappealed determination, whichever occurs first. If such audit refund recovery obligations are not fully repaid over the course of one month, they will bear interest at the BCBSM prevailing rate, from the date of the refund request, until fully repaid.

ADDENDUM I

NAME AND ADDRESS OF APPROVED SITE(S)

Approved Sites are home health care facility location(s) specifically approved by BCBSM as a primary or branch location.

Name and Address of Facility's Primary Location:

Listed below are all BCBSM approved branch locations that are eligible to submit claims to BCBSM under the facility code identified on the Signature Document. If there are no BCBSM approved branch locations it is designated by "N/A".

Name and Address of BCBSM Approved Branch Location(s) Date of Approval

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